LB2827
.R54

1906

LB 2827
.R 54

PHILOSOPHICAL SOCIETY
--OF--
WASHINGTON.

BULLETIN UNIVERSITY OF NEW MEXICO

WHOLE NO. 42

Educational Series Vol. 1, Art. 2

MANAGEMENT OF OUR SCHOOL LANDS

D. M. RICHARDS, B. A.

ALBUQUERQUE, NEW MEXICO
SEPTEMBER, 1906

Published Quarterly by the University

Monograph

LD2827
.R64

PUBLICATIONS

OF THE

UNIVERSITY OF NEW MEXICO

ALL the University Publications are issued as Bulletins. These are arranged in a continuous series, numbered consecutively. The Bulletins are classified according to subject matter, and each class is given a separate title and carries its own volume number. These classes issued to date are as follows:

Whole Numbers 1-14, Catalogue Series Vols. I-XIV.

Whole Numbers 15-22, Geological Series, Vol. I. (Hadley Laboratory Bulletin, Vol. I, Articles 1-4).

Biological Series, Vol. I. (Hadley Laboratory Bulletin, Vol. I, Articles 1-4).

Whole Numbers 23-28 Geological Series, Vol. II. (Hadley Laboratory Bulletin, Vol. II., Articles 1-6).

Whole Numbers 29-39. Biological Series, Vol. II. (Hadley Laboratory Bulletin, Vol. III, Articles 1-11).

Whole Number 40. Catalogue Series, Vol. XV.

Whole Number 41. Educational Series, Vol. I, Article 2. (This volume).

Gift
Wash. Philo. Soc.

LB2827
.R54

MANAGEMENT OF OUR SCHOOL LANDS

D. M. RICHARDS, B. A.

Should the State of Arizona be formed, as now proposed, over 18,000,000 acres will be given to the State as an endowment for an educational system and for public institutions and improvements. While the lands are for supporting many diverse interests, in this paper for the sake of brevity they will all be called school lands.

When a similar endowment was given to Kansas, the voters of the State were so completely absorbed by other political interests, arising principally out of the Civil War, that little attention was paid to her school lands. As a result, that State today is not receiving one-tenth of the benefits she might have, and the property owners are paying many hundred thousand dollars of additional taxes as a penalty for the lamentable indifference of the voters of 1864 who failed to have these school lands managed on strictly business principles.

Even worse mistakes have been made in other States, relating to their school lands.

Every property owner has a financial interest in these lands; the greater his property, the greater his interest. A proper, energetic management means reduced taxes. The schools are here to stay, and they must be greatly improved. Better schools mean more money for their support. Is there not a way to improve them, and at the same time not make them too burdensome to the taxpayer?

It is the purpose of this paper to show that this can be done by a proper, business-like management of the great educational endowment offered recently by Congress.

When Illinois, Kansas, Missouri and the most of the older States were admitted to the Union, Congress gave to each of them Sections 16 and 36 (1,280 acres) in each township throughout the State for the support of the common schools, besides giving large bodies of land for the higher institutions of learning.

On the admission of Colorado, a more liberal grant was made, particularly for internal improvements, for which 500,000 acres were given. As other States were admitted, the gifts for educational institutions were generally more liberal.

Utah received Sections 2, 16, 32 and 36 in each township throughout the State, with a few exceptions, for the support

of the common schools, and also 5 per cent. of the proceeds of the sales of the public lands of the State. The school lands amount to 5,760,000 acres.

The other grants to Utah were as follows:

	Acres.
University of Utah, (original grant unsold)	15,058.57
For Public Buildings	64,000.
University of Utah, (second grant)	110,000.
And including all saline lands within the State.	
Agricultural College	200,000.
For Establishing Reservoirs	500,000.
Insane Asylum	100,000.
School of Mines	100,000.
Deaf and Dumb Asylum	100,000.
Reform School	100,000.
State Normal Schools	100,000.
Institution for the Blind	100,000.
Miners' Hospital	50,000.
Total	7,299,058.57

The needs of Utah were great. The grant was none too large for her peculiar conditions. Still her people were all from the older States, or from countries allied by blood, customs and language to the English speaking people.

The State of Arizona will need more than Utah. Fifty years ago when the United States acquired the territory included in the proposed State, the people, except the Indians, were practically all of the Latin race, so-called. Their customs, language and habits were quite different from those of the rest of the country. The general government has been very tardy and negligent in giving these people a fair opportunity to acquire an English education, so as to enable them to communicate freely with the people of the States and become Americanized.

Today much attention is paid to giving a fair education to the people of Porto Rico and the Philippines. This policy is wise and practical. It ought to have been adopted for the Spanish-speaking people in our great Southwest from the start. They were entitled to far more consideration than their kindred in the recently acquired islands, since by treaty with Mexico they were to secure all the rights of citizens. Consequently, we hold that the proposed educational endowment is justly due to our people, and that they should long ago have enjoyed its benefits.

There are about 40,000 Indians in the proposed State who will probably at some time assume the rights and obligations

of citizens. Whenever that time comes, Arizona should be able, financially, to supply their educational needs, so that the degrading influences of the Indians of today, in our social life, will cease to operate when they enter public life.

In 1898, H. B. Fergusson, delegate to Congress, seeing that a statehood bill could not at that time be passed, wisely obtained the passage of a bill giving to New Mexico a partial grant of the lands she should acquire when she should be admitted into the Union.

The grant is enumerated as follows:

Sections 16 and 36 in each township (except in reservations and grants previously made) or their equivalents, amounting to about 4,000,000 acres, were given for the support of common schools;

	Acres.
Public Buildings—At the Capital of the State of New Mexico, for legislative, executive and judicial purposes, when permanently located, fifty sections..	32,000
University—Two townships in quantity:	
Act July 22nd, 1854.....46,080	
Act of June 21st, 1898 65,000	
Together with all saline lands within the Territory .....———	111,080
Agricultural College	100,000
Water reservoirs for irrigation purposes	500,000
Improvement of the Rio Grande in New Mexico....	100,000
Insane Asylum	50,000
School of Mines	50,000
Deaf and Dumb Asylum	50,000
Reform School	50,000
Normal School	100,000
Institute for the Blind	50,000
Miners' Hospital	50,000
Military Institute	50,000
Penitentiary	50,000
The buildings known as the Palace in the City of Santa Fe and all lands and appurtenances connected therewith	2.60
Total about	5,343,082.60

For this land a fairly good leasing system has been established, which it is hoped will be perfected as rapidly as possible. It has been very remunerative, and the money derived from this source has enabled many schools to extend their terms considerably, or to add valuable improvements.

The statehood bill, soon to be voted upon by the Territories of New Mexico and Arizona, is more liberal than any offered to States previously admitted, in its gifts for common schools, educational and other public institutions.

Four sections (13, 16, 33 and 36) in each township (except in reservations and grants previously made), or their equivalents, are given for the support of common schools. The other gifts specifically named in the bill are briefly enumerated as follows:

	Acreage.
Common Schools (low estimate)	16,000,000
Universities	240,000
Agricultural Colleges	300,000
Schools of Mines	200,000
Normal Schools	200,000
Military Institutes	200,000
Reform Schools	200,000
Deaf, Dumb and Blind Schools	200,000
Total for Educational System	17,540,000

There were also the following grants:

	Acreage.
Legislative, Executive and Judicial Buildings	192,000
Insane Asylums	200,000
Penitentiaries	200,000
Miners' Hospitals	100,000
Total for Public Institutions	692,000

Total grant specifically named amounts to at least 18,232,000 acres.

Section 31 of the bill reads as follows: "That nothing in this Act shall be so construed, except where the same is so specifically stated, as to repeal any grant of land heretofore made by any Act of Congress to either of said Territories, but such grants are hereby ratified and confirmed in and to said State, and all of the land that may not, at the time of the admission of said State into the Union, have been selected and segregated from the public domain, may be so selected and segregated in the manner provided in this Act."

If this section is liberally construed, it would increase the amount that would eventually be given to the State to over 19,575,000 acres.

This grant, immense in size, is equal to nearly one-eighth of the area of the new State, and is a considerable larger than the combined area of the States of Vermont, New Hampshire, Massachusetts and Rhode Island.

The bill also gives 5 per cent. of all money derived from the sale of government land in the State made subsequent to its admission. Five million dollars in cash is also to be given and the fund thus formed is to be placed on interest for the support of the common schools.

Adapting the words of Prof. F. S. Elder, of Oklahoma, to our conditions, we may ask, "Have you ever realized that these lands are *ours—yours, mine, our children's* and *our children's children* even unto the last generation; have you ever fully realized that when we are considering a policy for these lands we are dealing with matters in which the generations yet unborn have claim and title equal with ourselves; have you ever fully realized that these lands are granted to us and them by the Federal Government for the support and maintenance of our public educational system, the greatest institution a free people ever possessed?"

"The problem here involved is more momentous than any subject of statecraft that can now come up. Immediate statehood is a minor affair as compared with this issue. So great indeed is its magnitude that a gain or loss of less than 5 1-2 cents an acre means a gain or loss of a million dollars to our State, while the adoption of an unwise permanent policy may mean, practically, the disinheritance of the generations yet unborn and result in saddling upon ourselves and the taxpayers of the future a burden of irreducible debt."

What shall be done with this great endowment? The cash should be invested safely. A few years ago the treasurer of Nebraska, finding a large amount of school money in his possession, for which good investments could not be found, relieved the State of $300,000 by appropriating it for his own use.

The crime of embezzlement of public money by county and state officers is not confined to the State of Nebraska. The court records of our Territories prove that several of our officials have betrayed a similar public trust. Human nature is much the same the world over. Experience shows that it is unwise to permit large sums of money to accumulate under the control of one man, or of a few men.

By the statehood bill, Oklahoma is permitted to invest her $5,000,000 in government bonds bearing 3 per cent. interest. Probably Arizona can secure the same advantage. This would give an income of $150,000, or about one-fourth of the common school expenses of the two territories for last year.

But what shall be done with the lands? Shall we sell them? It will pay every voter, particularly property owners, to in-

vestigate this part of our problem with the utmost care.

Ohio sold thousands of acres of her school lands at from 10c to 50c per acre. It is true that Ohio had no precedent among the other States by which she might be guided. As in hundreds of other cases, there seems to have been a general indifference to the question. Few, if any, at that time investigated it sufficiently to realize its magnitude. But the selling of these Ohio lands so cheap was not the only evil. "The resulting funds which ultimately reached four and a quarter millions of dollars were borrowed by the State as a perpetual loan and spent. Today, instead of having an income from their lands, the people of Ohio are grinding out by taxation a yearly interest of $250,000 on this loan. As Dr. Knight says, 'The whole thing comes to saying that the people are taxed for the entire support of the schools. . . Though the money thus borrowed by the State may have lessened State taxation in the past, so far as the present and all future generations are concerned, the burden is no lighter than it would have been without a grant of land.' "

Missouri sold her lands at about $1.75 per acre. If the State now owned these lands, without improvements, it could soon obtain about the same price as an annual rental.

Kansas sold about half of her lands (all the best) at an average of $3.66 per acre. The interest on the fund thus created is about enough to buy each pupil in her schools a second reader.

Iowa sold better lands for less money. In nearly all the States it is the same story.

Frauds in the sales of the lands were numerous. Sometimes they were committed openly, at other times, by apparently legal methods.

Kansas was cheated out of hundreds of thousands of dollars by speculators who obtained school lands through bogus applicants and fraudulent appraisements. In some cases the county officials were parties to the fraud.

In late years we have heard much about government land frauds. A noted Chicago paper says: "In 1901 something over fifteen million acres were secured from the government through the various defective land laws now on the statute books, and when this fact became known the people were dismayed. Now we are told that the record is again broken and the land grabbers have extended their operations by nearly five million acres. The cream of the public lands is being skimmed each year."

Nebraska, from the start, both sold and leased her lands.

Her prices were usually much higher than those of the other States. In 1896, after having sold the best of her lands, she withdrew the remainder from the market.

The lowest selling price of any of her school land has been $7.00 per acre. This price compelled her to retain practically all of the western grazing land, which closely resembles the grazing lands of Arizona and New Mexico. Some of the eastern agricultural lands of Nebraska were sold at good figures. The funds resulting from the sales (including sale contracts not due) amounted in 1904 to $8,502,403. From the report of the commissioner of lands, it would be inferred that he expects within a few years that the rentals from the leased lands will amount to and eventually exceed the interest of the permanent fund derived from the sale of the best lands. As Nebraska develops, the rentals will increase. His report shows that the interest derived from the permanent fund is slowly decreasing. The State is getting from 3 to 3 1-2 per cent on new loans.

In leasing her lands, Nebraska appraises each tract and charges an annual rental of 6 per cent. on the appraised valuation. By law the appraisal occurs every five years.

To show that the leasing system is popular in Nebraska, and a practical idea, a quotation from the commissioner's report for 1903-4 is of value. He says, "As contemplated, the rental upon lease contracts has steadily increased through each biennium, due to the fact that nearly all of the vacant lands in the State have been leased, and to the reappraisement of lands held under lease contract. It is with pride that I am able to report that there are but 496.28 acres of vacant school lands in the State, and I hope to have this under lease before my term of office expires."

Nebraska has brought her leasing system up to a high state of perfection. On her leased lands may be found many fine improvements, and the tenants are encouraged to feel that these lands are their homes.

In some western States little attention is paid to the leasing of school lands. Where good business methods have been adopted, the system seems to be popular and is certainly productive of excellent financial results.

In Nebraska, all political parties seem to have agreed that the leasing system is the best policy.

In North Dakota, cultivated lands are leased at not less than 5 per cent of the appraised value. When these lands are sold and the money has been added to the permanent fund, the State finds a difficulty in loaning it at higher rates than 4 per cent. Many States are glad to accept even 3 per cent.

Nevada makes loans as low as 2 per cent.

It is difficult to discover any advantage to the State for selling the school lands and loaning the money at these low rates, when by retaining them, 5, 6 or 10 per cent. (10 per cent. in Colorado) may be obtained on the appraised value. Competition occasionally brings the rates even higher.

When North Dakota, South Dakota, Wyoming, Washington and one or two other western States were admitted to the Union, the minimum price fixed by law for selling school land was $10 per acre. At that time this price was generally so high that these States, from necessity, established a leasing system which has proven a very remunerative way of obtaining support for their educational system.

In 1898, North Dakota obtained from rentals $28,041. In 1904, the returns from rentals and hay permits amounted to $88,211.

In Wyoming for 1898, the rentals were $37,431; for 1902 (the date of the last report published) $95,925. Since then the rental receipts have greatly increased. The State grants amount to 4,127,211 acres, over half of which are rented. The annual rental must not be less than 5 per cent of their appraised value.

The rentals for 1898 in Washington were $31,817; for 1904 they had increased to $127,567. The rate per acre was 16 2-3 cents. About 30 per cent. of the original grant was leased. The State also obtained $4,489 from harbor rentals, and $5,666 from tidal lands, making the total rentals $137,722.

The commissioner's opinion relating to holding and leasing the lands is ably stated in the following quotation about tide lands:

"The foregoing table of leased tide lands will disclose the approximate value of the lands now held under lease, and the income which the state derives from them. These tide lands should not be disposed of until the expiration of the leases. I understand that there will be an effort made to obtain an act authorizing the appraisement of these leased tide lands, giving the lessees a preference right to purchase them at their appraised value. Such a course, if pursued at this time, would be detrimental to the State's best interest as, even at the highest appraisement that could be obtained at the present time, the State would not realize one million dollars upon these leased tide lands; but, if the city of Seattle maintains its prosperous growth and continues to grow as it has during the last five years, at the expiration of the leases, twenty-five years hence, the value of the leased tide lands will exceed twenty millions

of dollars. Therefore, I desire to insist that these lands be retained by the State until the expiration of the present leases."

In 1898, Colorado obtained $73,830 from leases; in 1904, $161,355. About 45 per cent. of her original grant was leased, the rate being about 8 3-5 cents per acre. Coal and mineral lands are also leased. In 1904 these rentals were as follows: from coal lands, $27,012; from oil and gas lands, $1,765; from mineral leases, $7,553. The coal mines are leased at 10 cents per ton royalty, measured on mine run of coal and not by amount left after being screened. The producing mines are surveyed each month and the results reported to the commissioner. The State also sold timber to the amount of $81,311, the price averaging $2.38 per thousand feet.

South Dakota obtained $30,286 from leases in 1898, and $177,390 in 1904, besides $3,940 in fees. The total grant to the State was 2,878,584 acres, 55 per cent. of which was leased at an average rate of 11 1-2 cents per acre. The State has sold 276,040 acres of the land granted to common schools at an average price of $14.55 per acre. In 1904 the State apportioned $2.19 to each child of school age. Over half of the funds were derived from leasing the lands.

In Montana for 1898 the rentals were $75,063; for 1904, $190,623, and yearly permits amounting to $9,407, making the total rentals $200,030. The State grants were 3,195,114 acres, of which 67 per cent. were leased. The average rental rate was 10 3-5 cents per acre, and the lowest average rate in any county was 7 2-5 cents per acre. The receipts from timber sales for 1904 were $28,485.

The head of the land office says, "The amount of money per capita distributed for the benefit of the common schools has increased from $0.38 in 1897 to $2.60 in 1903, and for the year 1905 it may reach $2.70."

The policy of the State seems to favor retaining the school lands and leasing them. The small amount sold in 1904 brought $16.03 per acre.

In 1895 the rentals of Texas amounted to $170,476. They rapidly increased to $321,855 for 1898, and to $472,672 for 1900, there being an increase of $302,196 in five years. The rental rates were very low, being less than 3 cents per acre. In 1900 there were 14,953,951 acres of school land leased. The total amount available was very much more. With good business management of these lands, the schools of Texas ought to become among the best.

Oklahoma had given to it Sections 16 and 36 throughout the Territory for the public schools. In the Cherokee Strip,

Section 13 in each township was given for colleges and normal schools, and Section 33 for public buildings. The bill granting these lands made no provision for selling them, but established a system of leasing at the outset. The result has been gratifying in the extreme. The rental receipts for school lands have rapidly increased. For 1891, the first year, the rentals were $4,500; for 1898, $173,442; for 1904, $417,149. The Territory has already been granted 2,050,875 acres for educational and other public purposes. Practically all the land has been leased, the average rate being 22 cents per acre, and the lowest nearly 4 1-2 cents (in Beaver County, which joins New Mexico on the northeast). The apportionment of money derived from leases in 1904 was $1.15 per person of school age.

The rental is a little less than 4 per cent. of the appraised value where the lessee occupies the land and is improving it, and a little more than 4 per cent. where he does not occupy the land.

As Oklahoma is a new country and values are comparatively low there, and much of it is only grazing land, it is estimated that in a few more years, along with the development of the country, this annual rental will reach over twice the present amount.

Scarcely anything has been done towards leasing school lands located in Arizona. In 1905, $5,800.56 were collected from this source.

In New Mexico for 1900, the first year after the establishment of the leasing system, the rentals were $19,355. Since then by careful management, the commissioner has so developed the system that it is expected for 1906 the receipts will approximate $50,000. This would give 68 1-2 cents for each person of school age in the Territory, or about $1.13 for each pupil enrolled in the public schools. This apportionment is twice as much as that in Kansas derived from the income arising from her school lands.

Whether statehood is obtained or not, this department should be strengthened, and the commissioner of lands should be empowered to employ as large a force as is necessary for inspecting the lands, advertising them, and using every available means for leasing the lands and increasing the receipts.

Some of the lands granted to New Mexico have already been sold. In 1904 there were sold 13,849 acres for $40,000, or at about $2.88 per acre.

States that have accumulated a large permanent fund by selling school lands generally have large sums of money in the treasury which they are unable to loan to advantage.

Kansas and Nebraska usually have from $200,000 to $500,000 of idle money. In Texas the amount is sometimes enormous.

If the State of Arizona is formed, the $5,000,000 given by the government and the money accumulated by land sales in New Mexico. already a large sum, will glut the money market of the new State for large loans.

Loans are but temporary investments at best. The longest of them seldom exceed twenty or twenty-five years. Securities may fluctuate in value. A good loan this year may become a poor one when the principal becomes due. Hardly a more permanent or stable investment can be found than the land itself which Congress has offered to the State of Arizona.

If all these lands were sold, and the money invested, the principal would never increase, but would be liable to decrease through dishonest officials or poor investments.

As the country improves, the rate of interest on large investments decrease, while public expenses increase. We would then be met with a decreased income and increased expenses.

By the leasing plan, our principal is invested permanently in land. It will not be stolen or decrease in value. With the development of the country, the value of our lands, our principal, becomes greater; our income increases along with our expenses. In other words, selling these lands and investing the proceeds in bonds is buying in a falling market; leasing the lands is buying in a rising market.

This principle may be laid down as of vital importance. If a tract of land has a cash value, it also has a rental value. The success of the leasing system depends on the management. The terms of leases need only to be made fair, and tenants can be found. If not hampered by unwise laws, success will come by using the energy and skill displayed in other enterprises. For proof, read the annual reports of the land commissioners of the western States.

Right here another quotation from F. S. Elder is of great value. He says, "The heart of the City of Chicago from Madison Street south to Twelfth and from State Street west to Halstead was once school section number sixteen. Here is where the twelve and sixteen story buildings stand. Here you find the Postoffice, the Rookery, the Board of Trade, the Women's Temple and scores of others like them. By some strange fortune hardly understood, a block at State and Madison was reserved from sale with certain other sundry lots. These with a few more tracts acquired later are held today by the Chicago Board of Education, and the ground rent, amounting to half a million dollars annually, is being turned into the

0 021 324 693 8

school fund for the payment of teachers' salaries. The leases are for fifty or a hundred years. The ground alone is leased and the lessees put up their own buildings costing hundreds of thousands of dollars. Of these the Chicago Tribune pays $30,000 a year for one-fifth of an acre. The McVicker theater $27,000 for thirty-sixth hundredths of an acre. Joseph E. Otis $25,000 for eighty-eight thousandths of an acre, this last being at the yearly rate of $289,115 per acre; and so on for others. Yet nobody is wronged. It is a plain business proposition. No sane man pays more rent than he ought."

"Neither is the community nor any individual wronged any more by the payment by the Chicago Tribune of $30,000 into the school board treasury than by the payment by the Women's Temple Company of $40.000 a year into the private pocket of Mr. Marshall Field for the use of lots that were once a part of that same original section sixteen."

While no one expects any section of land in the proposed State to be the center of a western Chicago, the quotation illustrates several important points. A fair leasing system may be developed for the most valuable land. Leased lands may be occupied by costly and permanent improvements. Lands now having a low market value, may in a few years become the source of a large permanent income.

If there is any one part of our government that should be free from all forms of graft, it should be the educational department. A blow at our schools is a blow at our whole government. Yet in other States, as has been seen, the school lands have been a special mark for grafters of some sort.

The constitutional enactments of the new State should amply provide for the protection of this educational endowment. It is of the utmost importance that there should be incorporated in the proposed constitution a carefully prepared article, providing that none of the lands given, or to be hereafter given, to the State of Arizona for the support of common schools, educational and other public institutions, shall ever be sold, except as much as may be actually needed for the location of schools, churches, cemeteries, roads and such public necessities.

Should the statehood bill fail, the principles herein emphasized should be incorporated in the laws governing the educational lands of each Territory.

LIBRARY OF CONGRESS
0 021 324 693 8